

# **FISCAL NOTE**

## **HB 3069 - SB 3022**

March 6, 2002

### **SUMMARY OF BILL:**

- Adds a new provision that would allow companies to take a credit against their franchise or excise tax liability.
- The credit would be an amount equal to 15% of the amount spent by the taxpayer in Tennessee directly on research and experimental expenditures, as defined in Section 174 of the Internal Revenue Code.
  - A credit or any portion of a credit that is allowed with respect to any income year commencing on or after January 1, 2002, but is not used by a taxpayer because the amount of the credit exceeds the tax due and owing by the taxpayer shall be carried forward to each of the successive income years until such credit is fully taken.
  - In no case shall a credit, or any portion of a credit, that is not used be carried forward for a period of more than 15 years.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Exceeds \$25,000,000**

**Increase State Expenditures - \$24,413 Recurring  
\$210,520 One-Time**

Estimate assumes:

- A decrease in state revenues that exceed \$25,000,000.  
Estimate is based on estimated research and development expenditure data obtained from the National Science Foundation.
- An increase in state expenditures resulting from MIS system development Costs in the Department of Revenue.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director

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